

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 2349-01  
BILL NO.: HB 1203  
SUBJECT: Education, Elementary and Secondary: Teachers' Salaries  
TYPE: Original  
DATE: March 20, 2000

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**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>(\$599,742)</b>	<b>(\$678,886)</b>	<b>(\$739,370)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Lottery Commission, Office of State Courts Administrator, Public School Retirement System and Non-Teacher School Employee Retirement System** assume the proposal would result in no fiscal impact to the agencies.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume they could incur additional costs through a likely but indirect result of the bill. The bill would make salaries paid to state operated school teachers less competitive than salaries for those in public school districts. The state operated schools would likely need to increase salaries to retain qualified staff. The amount needed to fund this increase is not known.

To estimate the impact across districts statewide, Department data showing number of teachers newly transferred into a district and an estimated projected salary difference was combined with information from the Missouri State Teachers' Association pertaining to districts offering credit.

FY 01 impact statewide is estimated to be \$506,667 x 1.1050 (retirement) = \$559,867

FY 02 impact statewide is estimated to be \$573,529 x 1.1050 (retirement) = \$633,749

FY 03 impact statewide is estimated to be \$624,626 x 1.1050 (retirement) = \$690,211

The **Oversight Division** calculated fringe benefits at 18.37% to include retirement, FICA, unemployment and worker's compensation on the salary increases.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003

### **SCHOOL DISTRICTS**

#### Cost-School Districts

Personal Services	(\$506,667)	(\$573,529)	(\$624,626)
Fringe Benefits	<u>(\$93,075)</u>	<u>(\$105,357)</u>	<u>(\$114,744)</u>
Total <u>Cost-School Districts</u>	<u>(\$599,742)</u>	<u>(\$678,886)</u>	<u>(\$739,370)</u>

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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Beginning with the 2000-2001 school year, the proposal would require school districts to offer salary schedule credit to any teacher who has been employed by a public school district for one year or more.

For all school years beginning with contracts offered for school year 1999-2000, teachers accepting employment in a public school, other than the one which employed them the previous year would be offered salary schedule credit according to the following guidelines: up to five years of service for FY 2000-2001, up to six years for FY 2001-2002, up to seven years for FY 2002-2003, up to eight years for FY 2003-2004, up to nine years for FY 2004-2005 and up to ten years for FY 2005-2006.

The proposal would require that if a court would find that Section 16 of Article X of the Constitution of Missouri applies to the proposal, any necessary funds would be appropriated from the State Lottery Fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Public School Retirement System  
Non-Teacher School Employee Retirement System  
Office of State Courts Administrator  
Lottery Commission



Jeanne Jarrett, CPA  
Director  
March 20, 2000